

INFORMATIONAL HEARING AND SITE VISIT  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of: )  
Application for Certification )  
Victorville 2 Hybrid Power ) Docket No.  
Project ) 07-AFC-1  
\_\_\_\_\_)

SOUTHERN CALIFORNIA LOGISTICS AIRPORT  
ADMINISTRATIVE OFFICE BUILDING  
18374 PHANTOM STREET  
VICTORVILLE, CALIFORNIA

FRIDAY, JUNE 8, 2007

3:25 p.m.

Reported by:  
Troy Ray  
Contract Number: 170-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

Jackalyne Pfannenstiel, Associate Member

HEARING OFFICER AND ADVISORS

Gary Fay, Hearing Officer

Timothy Tutt

Susan Brown

STAFF AND CONSULTANTS PRESENT

Caryn J. Holmes, Staff Counsel

John Kessler, Project Manager

PUBLIC ADVISER

J. Mike Monasmith

APPLICANT

Michael J. Carroll, Attorney  
Latham and Watkins, LLP

Thomas M. Barnett, Executive Vice President  
Inland Energy, Inc.

John Roberts, City Manager  
City of Victorville

INTERVENORS (pending)

Gloria Smith  
California Unions for Reliable Energy

ALSO PRESENT

Eldon Heaston  
Mojave Desert Air Quality Management District

Scott Eckerd

Fred Kramer

I N D E X

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## P R O C E E D I N G S

3:25 p.m.

HEARING OFFICER FAY: I want to apologize for the late hour. We anticipated starting this hearing an hour ago; the site visit went long, and I think that has to do with just the nature of the terrain and the distances.

We will ask people to try to make their remarks as brief as they possibly can out of respect for people's time. And I'd like to have a quick show of hands, if I could, how many people are neither with the project or the City or the Energy Commission, but just strictly here as members of the public on their own interest?

Great, great, quite a few. Okay. Well, thanks. We'll try to make this as informative for you as we can. And you'll learn more about the process as we go along. If you have questions or want to make comments you'll have an opportunity to do that.

After the initial filing that the applicant made with the Energy Commission, the City of Victorville continued to perfect its application until it was deemed adequate on April 11th of this year. And that began the 12-month

1 process.

2 The project would have a net electrical  
3 output of 563 megawatts generated by gas turbine  
4 generators, which are referred to as CTGs, two  
5 heat recovery steam generators, which you'll hear  
6 people often call HRSGs, H-R-S-Gs, and a steam  
7 turbine generator or STG.

8 It's going to use 250 acres of land for  
9 its parabolic solar thermal collectors. And that  
10 will contribute up to 50 megawatts of the  
11 project's output.

12 Notice of today's events went out April  
13 24th. And Mr. Monasmith will review some of the  
14 additional efforts that his office made to get the  
15 word out to the community.

16 Today's event is the first in a series  
17 of formal Energy Commission events that will  
18 extend over the next year. And the Commissioners  
19 conducting the process will eventually issue a  
20 proposed decision that will contain the  
21 recommendations to the full Energy Commission on  
22 whether the project can be licensed; and if so,  
23 what conditions would apply.

24 It's important to emphasize that the  
25 Committee's proposed decision must, by law, be

1 based solely on evidence contained in the public  
2 record, and from no place else.

3 To insure that this happens, and to  
4 preserve the integrity and impartiality of the  
5 Commission's licensing process, the Commission's  
6 regulations in California's Administrative  
7 Procedure Act expressly prohibit private contacts  
8 between any parties and the Committee Members,  
9 their Advisors, the Hearing Officer, any of those.

10 The prohibition against off-the-record  
11 communications between the parties and the  
12 Committee is known as the ex parte rule. And this  
13 means that all contacts between the parties and  
14 the Committee regarding any substantive matter  
15 must occur in the context of a public discussion  
16 such as this hearing; or in the form of a written  
17 communication that is filed with the Commission's  
18 docket office and served to all parties.

19 In this way, everybody understands what  
20 a party is advocating to a decisionmaker, and has  
21 a chance to rebut it or challenge it, et cetera.

22 Additional opportunities for the parties  
23 and governmental agencies to discuss substantive  
24 issues with the public will occur in public  
25 workshops to be held by the Commission Staff at

1 locations here in Victorville and elsewhere.  
2 Commission Staff will send out public notices of  
3 these workshops before they take place.

4 And information regarding other  
5 communications between the parties and  
6 governmental agencies is contained in written  
7 reports or letters that will summarize the  
8 communications.

9 And we invite you to monitor the  
10 progress of the case on the Commission's website,  
11 which is [www.energy.ca.gov/](http://www.energy.ca.gov/) -- in this case --  
12 victorville. And you don't have to remember that  
13 because I'm sure the staff will put it up on the  
14 board when they make their presentation.

15 Our process is a public process in which  
16 members of the public and interested organizations  
17 are encouraged to actively participate and express  
18 their views on matters relevant to the project.

19 The Committee's interested in hearing from  
20 the community in any aspect of this project.

21 And members of the public are also  
22 eligible to intervene and become formal parties in  
23 the process.

24 At this time I'm going to ask Mike  
25 Monasmith to explain the public participation

1 process, and to provide an update on the efforts  
2 that his office has made to try to reach out to  
3 the public.

4 MR. MONASMITH: Thank you, Hearing  
5 Officer Fay, Chairman Pfannenstiel. Welcome,  
6 everybody. My name is Mike Monasmith. I'm with  
7 the Public Adviser's Office of the California  
8 Energy Commission. And my responsibility is you.

9 I have worked for the Commission full  
10 time in order to help the public understand the  
11 energy process that we go through. No question is  
12 too big; no question is too small. My numbers are  
13 in the back and you can call me at anytime, I want  
14 you to know that, on any question. It's never too  
15 small. I look forward to working with you.

16 We did do some outreach into the  
17 community. We sent a flyer, English/Spanish back-  
18 to-back, with information about today's hearing  
19 and site visit to the local school districts,  
20 Adelanto, Victor Valley Union. Individual school  
21 principals were mailed the flyer. We sent it to  
22 nonprofits, homeowners associations, community  
23 groups.

24 And then, of course, folks that are  
25 located within a certain circumference of the



1 proposed site.

2 We also paid to have 13,000 copies of  
3 one-page flyers inserted in The Victor Valley  
4 Daily News, which went out a week ago today, last  
5 Friday. And that edition also went to high school  
6 students in Victor Valley Union.

7 So we continue to outreach. If you have  
8 any ideas or suggestions please come and see me.  
9 I'm not going to take too much of your time, but I  
10 just want you to know that I'm here to help you.

11 There's different levels of public  
12 participation. One level is being here today.  
13 One is making sure you receive information. So,  
14 please sign in if you haven't done so. We'll put  
15 you in; you'll automatically receive updates on  
16 this case, the filings from the applicant and  
17 staff, as well.

18 A little bit, if you have a higher  
19 desire to be involved with this case, there is  
20 something called intervenor, which is essentially  
21 a seat at the table for a member of the public.  
22 You petition the Committee, in this case Chairman  
23 Pfannenstiel and Commissioner Boyd, to become an  
24 intervenor.

25 There's certain responsibilities and

1 rights that come with that status. But you become  
2 an official party to these proceedings. You're  
3 allowed to question the applicant. You're able to  
4 question staff. You're able to present your own  
5 evidence and your own witnesses as we get down the  
6 road in this.

7 If you have any questions about that, or  
8 you're curious about it, let me know and we'll  
9 talk about it. It's not for everybody, but it  
10 might be for you. So let me know. I'll be here  
11 to the end. And, again, thanks for coming.

12 HEARING OFFICER FAY: Thanks, Mr.  
13 Monasmith. We'll now turn to a presentation from  
14 the applicant, and later the staff.

15 MR. BARNETT: Thank you very much, Mr.  
16 Fay. It's a real pleasure to be here to give the  
17 members of the public and the CEC and their staff  
18 this kind of an update on the project. I know  
19 we're running a little late, so I'm going to go  
20 through a lot of information here in a big hurry.  
21 But I'll be happy to take questions later.

22 Let me just mention two people who are  
23 present now that weren't present earlier when we  
24 convened this meeting. One is Eldon Heaston who  
25 heads the Mojave Desert Air Quality Management

1 District, who is sitting over in the back. And  
2 the other is the actual representative of the  
3 applicant, because as most of you are aware, the  
4 applicant here is the City of Victorville. And  
5 that Inland Energy, which is the company that I  
6 work for, is contracted by the City to manage the  
7 development. And representing the City here today  
8 is Mr. John Roberts, who is the City Manager of  
9 the City of Victorville.

10 Now, I want to take just a moment and  
11 mention the development team, starting with the  
12 City of Victorville, as they are not only the  
13 owner, but the host community. Inland Energy is  
14 managing the development. And then we've  
15 assembled an array of what we feel are the most  
16 expert consultants available in the State of  
17 California today to be able to permit a power  
18 plant. And you'll see some nationally recognized  
19 names there including, at the last, General  
20 Electric, which is going to be supplying the major  
21 equipment for the power plant.

22 I want to add that this team that we  
23 have assembled to help the City of Victorville  
24 develop this project successfully is essentially  
25 the same team that successfully developed the High

1 Desert Power Project a few years ago. And it  
2 currently exists at the Southern California  
3 Logistics Airport, three miles away from the site  
4 of the new project. And we're particularly proud  
5 of the fact that in 2003 the High Desert Power  
6 Project was awarded the prestigious power plant of  
7 the year award from Power Magazine, after an  
8 international competition.

9 To highlight the Victorville 2 project,  
10 the idea is, again, it's owned by the City,  
11 developed by Inland. It is a two-on-one gas-fired  
12 combined cycle plant. But what is most  
13 interesting about it is it's what we call a hybrid  
14 facility.

15 It'll be the first of its kind in the  
16 world, to be a hybrid facility, combining the very  
17 high efficient, natural gas, combined cycle  
18 technology with the state-of-the-art solar-thermal  
19 technology for recovering energy from the sun  
20 using parabolic trough mirrors.

21 The combined total of the gas and solar  
22 facility will be 570 megawatts. It will occupy  
23 approximately a 300-acre site. And it will be  
24 water cooled, using reclaimed water from the  
25 Victor Valley Wastewater Reclamation Authority,

1 which is located nearby.

2 We are going to be getting the bulk of  
3 our emission reduction credits will be transferred  
4 up from the South Coast Air Quality Management  
5 District using a process that we pioneered with  
6 the High Desert Power Project. In total the  
7 construction cost of the project is approximately  
8 \$450 million.

9 As evidence of the support of the  
10 community, when this project was approved in March  
11 of 2005, it received unanimous approval of the  
12 City Council, and was, of course, front-page news.

13 The concept that is unique to this  
14 project is the hybrid approach. And these two  
15 slides will illustrate what we mean. In a typical  
16 power plant that it uses the gas combined cycle,  
17 you have the gas turbines and then the exhaust  
18 heat is recovered in the heat recovery steam  
19 generators. And then that steam is sent to a  
20 steam turbine.

21 So, you're generating electricity; the  
22 combined cycle idea comes from the fact that you  
23 are generating electricity directly from the  
24 burning of natural gas. And then you're  
25 recovering that heat and producing steam to

1 generate electricity from a steam turbine.

2 In a solar facility you're recovering  
3 energy from the sun through the mirrors. That  
4 energy is converted to steam. And that steam is  
5 sent to a steam turbine. So, both stand-alone  
6 plants end up using team turbines to generate  
7 electricity.

8 The concept behind this hybrid plant is  
9 that we're going to integrate the two so that  
10 they're able to use just a single steam turbine.  
11 And on the solar side, the solar energy is  
12 converted to steam. That steam is inserted into  
13 the boilers, or the steam generators associated  
14 with the gas side, and then that augmented steam  
15 is used to produce additional electricity from the  
16 steam turbine.

17 It's very cost effective, very efficient  
18 and very environmentally beneficial.

19 The system's based on the fossil fuel  
20 fired side on the GE 7FA, which is the workhorse,  
21 very reliable equipment of the GE fleet. And on  
22 the solar side, the City elected to go with solar  
23 for their renewable component because the high  
24 desert is one of the best solar resources anywhere  
25 in the world.

1           And you can see from this map, which  
2       shows the relative value of solar energy, the  
3       darker the color the higher the solar radiation  
4       that's available. This area of the high desert is  
5       the highest in the country. And, in fact, is one  
6       of the highest in the world.

7           And the fact that this extremely high  
8       solar resource is located right next to one of the  
9       world's largest cities is, in fact, unique in the  
10      world. And it's a resource that we think has been  
11      under-utilized in California. And we're happy to  
12      be a part of bringing it to the forefront.

13          The solar technology is what's called  
14      the parabolic trough. If you look closely you can  
15      see these mirrors here are moving. And that's to  
16      illustrate the fact that the mirrors actually tilt  
17      and track across the sky to follow the sun.

18      They're arranged in north/south rows that rotate  
19      in an east/west direction and maximize the energy  
20      recovery. About 15 feet tall. And the energy is  
21      recovered in these pipes here that are used to  
22      generate the steam.

23          This is a picture of the nearly  
24      completed Nevada Solar One Plant just outside of  
25      Las Vegas, which is 65 megawatts, which is very

1 close to the 50 megawatts that we plan for the  
2 Victorville 2 project.

3 And we are learning a lot from the  
4 construction of this facility, which is one of the  
5 newest to be built in the last 20 years. So we're  
6 able to take advantage of many improvements in the  
7 solar technology that'll be applied to the  
8 Victorville 2 plant.

9 With regard to the site, itself, this is  
10 the Southern California Logistics Airport runways,  
11 the Mojave River. We are located right here in  
12 this building just off the southern end of the  
13 runway. And the approximately 300-acre site is  
14 located up here where many of you were just  
15 visiting with the tour.

16 In a closeup of the site you see the  
17 north/south oriented rows of mirrors; some 250  
18 acres are needed to generate the 50 megawatts that  
19 will be supplied to this plant.

20 And then in the southern portion on  
21 approximately 25 acres, is the power island. The  
22 power island is mainly the two gas turbines and  
23 their associated HRSGs, boilers. And then a steam  
24 turbine. And the output from these three  
25 generators goes to a substation where it is sent



1 out to the grid. We have a cooling tower, and  
2 then a water-treatment area.

3 This is an artist rendering of what the  
4 facility would look like, although it won't be  
5 these colors, but they are that color so it will  
6 stand out and you can get an idea how the mirror  
7 array will sit out there in the desert.

8 This is a closeup of the site, itself,  
9 showing the existing partial maps. And you can  
10 see this site consists of a lot of five-acre  
11 parcels which we have been in the process of  
12 acquiring on behalf of the City. And currently  
13 have somewhat more than 80 percent of these and  
14 we're in negotiations on the remainder.

15 We're also going to need some laydown  
16 areas during the construction. And these two  
17 areas have been designated for the laydown. This  
18 area has already been acquired. And this area  
19 we're in the process of acquiring the rights-of-  
20 way to. These are just temporary easements for  
21 the construction laydown period.

22 Now, the transmission lines are the  
23 longest of what is called the linears associated  
24 with this project. And I'm going to go through  
25 them very quickly, but really only the first one

1 is significant because it is new and will go where  
2 there are not existing poles. The other two  
3 segments are actually going to be going over  
4 existing Southern California Edison utility  
5 rights-of-way. So their impact will be small.

6 But this approximately three-mile run  
7 will come down the hill to the wastewater  
8 treatment plant; skirt along the edge of that; and  
9 then basically run along Shay Road until this  
10 point where it will pick up the poles that exist  
11 for the High Desert Power Plant.

12 And this just gives you an idea of the  
13 parcel map that exists over this stretch. Most of  
14 this land is already owned either by VVWA or the  
15 City. And the City's in the process of acquiring  
16 the rest of it.

17 The second segment of the transmission  
18 line running from that new line will pick up the  
19 existing High Desert poles and run to the Victor  
20 Substation just south of Palmdale Road. And then  
21 the last stretch will run along existing utility  
22 corridors from the Victor Substation to the Lugo  
23 Substation approximately 11 miles.

24 I've got, through the marvels of modern  
25 technology, a flyby of this route for those of you

1       who are particularly interested in the  
2       transmission line route.  you can see it's being  
3       laid out here in red.  And this is the new section  
4       that will run to about here.  And then we start  
5       picking up the existing lines.  And here we won't  
6       even need new poles.  We'll just be running wires  
7       on existing poles until we get to the Victor  
8       Substation.  And then from here we'll be putting  
9       in -- we'll be replacing existing lines with new  
10      poles in an existing Southern California Edison  
11      utility right-of-way that already has four or five  
12      transmission lines in it.

13               We make the turn to the Lugo Substation.  
14      From here the power will enter the Southern  
15      California Edison grid.

16               With regard to water supply we're very  
17      fortunate to have the reclaimed water supply  
18      located just 1.5 miles away from the plant.  It  
19      will be a very short run to be able to utilize  
20      that water.

21               And with regard to the gas, we also have  
22      a very good story.  For the High Desert Power  
23      Project a lateral was built from the Kern River  
24      and PG&E lines that run along highway 58, some 30  
25      miles down to the High Desert Power Project.

1           And that line actually comes down Colusa  
2           and then turns down Perimeter. And right where it  
3           makes the corner is where our site is located.  
4           So, it is a matter of feet to be able to connect  
5           to that gasoline to supply the plant.

6           We filed our application for  
7           certification which is the primary permit  
8           application to the California Energy Commission.  
9           We promised the City that it would be submitted in  
10          February, and we made it with plenty of room to  
11          spare. And this just gives you an idea; there's  
12          Tony hefting just a portion of the 75 copies of  
13          this multi-volume report that needed to be  
14          submitted to the CEC.

15          But we're well underway now; we're  
16          looking forward to working with the California  
17          Energy Commission to get the permit and make this  
18          project a success. And we're hopeful that come  
19          2010 we will once again be looking at the power  
20          plant of the year being awarded to this facility.

21          So, thank you very much. I'd be happy  
22          to answer questions, unless you prefer that we  
23          hold them, Mr. Fay, until later. Whatever your  
24          pleasure.

25          HEARING OFFICER FAY: Well, I'd like to

1 allow questions while it's fresh in everybody's  
2 mind. Let's keep the questions to the physical  
3 project, itself; and hold off your questions about  
4 the process and how you participate, because  
5 you'll hear more about that from the staff. Any  
6 questions? Yes, sir.

7 MR. ECKARD: What's the water  
8 consumption per day?

9 MR. BARNETT: The question is what is  
10 the water consumption. And the water that's  
11 needed for cooling will be approximately 3000  
12 acrefeet per year of reclaimed water.

13 HEARING OFFICER FAY: And, sir, your  
14 name is?

15 MR. ECKARD: Scott Eckard.

16 HEARING OFFICER FAY: Scott Eckar --

17 (Parties speaking simultaneously.)

18 HEARING OFFICER FAY: And as you ask a  
19 question, please state your name and spell it if  
20 it would help the court reporter.

21 COURT REPORTER: It would.

22 HEARING OFFICER FAY: All right, who  
23 else? Other questions? All right, I see no  
24 indication. We'll go ahead and if you think of  
25 something later that's specific to the project,

1 we'll be sure to get an answer for you. Okay.

2 John Kessler is the Project Manager for  
3 the staff, so we'll hear from the Energy  
4 Commission Staff about how they plan to analyze  
5 this project.

6 MR. KESSLER: Good afternoon, everybody.  
7 I'll try to make this brief and run through this,  
8 and then allow you to ask questions at the end,  
9 too.

10 I'm going to run you through the  
11 application for certification process that we'll  
12 be going through over the next year. Give you a  
13 little more idea as to how you can participate;  
14 get information on the project; let you know a  
15 little bit about some of the initial issues that  
16 we've identified; and give you an idea of what the  
17 schedule is for the major milestones through this  
18 procedure.

19 You've already met primarily the  
20 Committee, Commissioner Pfannenstiel. Susan Brown  
21 is representing Commissioner Boyd today. And  
22 Commissioner Pfannenstiel's Assistant, Tim Tutt,  
23 is with us, too. But they'll be presiding through  
24 this process. You've met Gary Fay, our Hearing  
25 Officer. I think you've met everybody here, so

1       let's move on.

2               Our purpose is to -- can we dampen the  
3       lights again? Thank you. -- is to insure that we  
4       have a reliable supply of electrical energy to  
5       maintain at a consistent level, or a level  
6       consistent with the need for such energy; for  
7       protection of public health and safety; for  
8       promotion of the general welfare; and for  
9       environmental quality protection. And that's  
10      right out of the Public Resources Code.

11             The Commission's authority applies to  
12      thermal power plants greater than or equal to 50  
13      megawatts. So we're talking about those that use  
14      fossil fuels; those that generate steam, even by  
15      the sun's energy that really don't require any  
16      fossil fuel. It excludes wind, photovoltaic solar  
17      and hydro.

18             Also in our licensing process we look at  
19      related facilities such as the transmission lines,  
20      water and wastewater, natural gas pipelines, the  
21      access roads. And we serve as the lead agency  
22      under CEQA.

23             Just to kind of -- we're in the process  
24      right now where we've completed the data adequacy  
25      and we're really in step two, which is our staff

1 discovery and analysis.

2 We went through data adequacy. You have  
3 some ideas about when the application was filed on  
4 February 28th. It was approved adequate by the  
5 Commission on April 11th of this year. And most  
6 people, and I'm sorry if you didn't get it, but  
7 we'll get one to you, but in the back of the room  
8 is an issues identification report. So that  
9 summarizes the issues that we'll present to you  
10 today.

11 Data requests are something we're  
12 working on currently and hope to have out this  
13 coming week. Workshops is an opportunity that you  
14 can participate in with us to hear the issues and  
15 gathering of information that we do, the staff.  
16 You can ask questions right alongside of us and be  
17 very involved in kind of getting up to speed on  
18 the project and throughout the process.

19 Our staff assessments, we have two.  
20 It's kind of like a draft EIR and final EIR. But  
21 in our case we call them preliminary and final  
22 staff assessment.

23 And within that we look at if the  
24 proposal will comply with laws, ordinances,  
25 regulations and standards; the acronym is LORS.



1       You'll hear that a lot.

2               We conduct an engineering and  
3       environmental analysis in all of our technical  
4       areas; there's 23. We identify issues. We look  
5       to evaluate alternatives, sometimes alternative  
6       generation technologies; sometimes alternative  
7       ways of accomplishing the project through water  
8       supplies, cooling technologies, those kinds of  
9       things.

10              We identify mitigation measures, and  
11       then we ultimately recommend conditions of  
12       certification for the Committee to consider. And  
13       we make ultimately those recommendations to the  
14       Committee.

15              So, right now we are in the process,  
16       with the oversight of the Committee, we are kind  
17       of -- we've got our hands on the reins of this  
18       wagon right now. And it's a process that really  
19       considers all these inputs, the intervenors, the  
20       public, the local, state and federal agencies, as  
21       well as the applicant.

22              We try to compile that information. We  
23       try to analyze it, put it to work towards our  
24       staff assessment.

25              And as you met, Mr. Mike Monasmith, is

1 the Public Adviser's representative. He helps the  
2 public and the intervenors participate.

3 We also work closely with the local,  
4 state and federal agencies. And without naming  
5 them all, just to give you a sense on local and  
6 regional, in particular, we'll be working with the  
7 Mojave Water Agency, the Victor Valley Water  
8 Reclamation Authority. State includes Fish and  
9 Game, the Lahontan Regional Water Quality Control  
10 Board. Federal, particularly Fish and Wildlife,  
11 Army Corps and the EPA.

12 And then we move to the point of the  
13 process where we kind of pass the baton to the  
14 Committee and to Hearing Officer Fay. And that's  
15 the evidentiary hearing and decision process.

16 And once we publish the final staff  
17 assessment, the Committee will hold a evidentiary  
18 hearing. So that's another opportunity to gather  
19 kind of the last bit of testimony and information  
20 for the Committee to consider in their decision.

21 The Committee will then produce what's  
22 called a Presiding Member's Proposed Decision,  
23 PMPD. It will take into account all those things  
24 that we analyze and consider in our staff  
25 assessment. But it doesn't just look at that.

1 And even though we include information from the  
2 public, and we try to capture that, those issues,  
3 and address them in our documents or staff  
4 assessments, as well as the agencies.

5 It will also consider what the  
6 intervenor has to say, what else the public has to  
7 say that if someone feels that it wasn't  
8 adequately addressed.

9 And ultimately the Committee will make  
10 the decision as to how to characterize the project  
11 and recommend if it should go forward.

12 So, it goes before the full Commission  
13 for a decision. And if it's approved, then the  
14 Energy Commission has a role after the licensing  
15 where it monitors the compliance of the project  
16 for the life that it operates, and through the  
17 closure process, to ultimately be removed. And  
18 most power plants run, they have a service life on  
19 the order of 30 to 50 years.

20 Just to illustrate the Committee's role,  
21 it's very similar. Again, they're considering all  
22 the inputs and they've got the reins at that  
23 point.

24 Ways you can participate. You can  
25 provide oral comments at our public meetings,

1 workshops. You can submit written comments or  
2 statements to the Commission. You can provide  
3 written comments on the PSA, FSA and PMPD. Or you  
4 can become a formal intervenor.

5 Some of the ways to get information.  
6 You can listen firsthand to the workshops and  
7 hearings. Those are noticed at least ten days in  
8 advance. You can request to be added to the  
9 mailing list; that's what Mike was referring to.

10 You can request a map of the project if  
11 you live in the neighborhood or own property or  
12 are interested in the property to find out how  
13 your property is located in proximity to the  
14 project.

15 You can also enroll on the list server;  
16 and I'll talk a little bit more about those last  
17 things.

18 The documents are also available in  
19 public libraries locally, Victorville, Adelanto,  
20 Apple Valley, Barstow, Loma Linda, San Bernardino,  
21 as well as some of the state libraries as you see.  
22 We also have it in our Energy Commission library.  
23 It's available on the website. And I'll show you  
24 kind of -- walk you through the website here  
25 shortly; as well as our dockets unit in

1 Sacramento.

2 To obtain a map, this is something that  
3 people just seem to kind of feel a rising need  
4 with this project, there's so much property. But  
5 if you contact me, or anybody on our staff, we  
6 will be glad to prepare a site map.

7 In this case, this particular property  
8 owner was directly east of the proposed project  
9 site. And I'll ask you, just basically I need a  
10 street address if there's already a residence or  
11 an APN number. And just need to know whether you  
12 want the map emailed or mailed back to you.

13 And then if you want to subscribe to the  
14 list server, what that does, it provides you with  
15 a notice every time there's something new that's  
16 posted to the web, which could be the staff's  
17 documents, it could be the applicant's, it could  
18 be the intervenors'. It could be some of the  
19 public agencies that are involved in the project.

20 But you'll get a notice, say, heads up,  
21 new information on the web. And then that points  
22 you to go to the web and pull that up if you're  
23 interested.

24 And the steps to that are really easy.  
25 The first is you just enter your email address,

1       which is in this field. And then you check a box  
2       that says subscribe. And then down here on the  
3       bottom is a list of projects. And if you get  
4       closer to the bottom because they're in  
5       alphabetical order, you'll see Victorville.

6               If you go to the Commission's website  
7       you'll get -- and particularly go to the  
8       Victorville 2 site, this is what you'll see. And  
9       there'll be kind of some updated information on  
10      the upper right-hand corner, such as the notice  
11      pointing you to, if you want to get a quick view  
12      that there's a workshop upcoming.

13             But the way it's organized, besides the  
14      project description that's here and the main  
15      contacts, is that in the left column here there's  
16      a place where you can queue notices and  
17      announcements. And then documents and reports.  
18      This is where the applicant's AFC is located, as  
19      well as all the other documents that are being  
20      prepared and filed in the course of the  
21      proceeding.

22             And then if you just want some general  
23      information about the process, dig a little bit  
24      deeper, this area, in participating. And then  
25      also I'll point you to the acronyms that are

1 commonly used in the siting cases, which is really  
2 a language all by itself. So that's a learning  
3 curve for all of us.

4 Now I'm going to talk a little bit about  
5 the issues identification report. And the purpose  
6 of that is to inform participants of potential  
7 issues and give us really an early focus on the  
8 important topics.

9 And the criteria we look at are  
10 significant impacts that may be difficult to  
11 mitigate; any noncompliance with LORS; and any  
12 conflicts that we might see between parties about  
13 appropriate findings or conditions of  
14 certification that could possibly delay the  
15 schedule. At this point we're not -- we don't see  
16 any of those third category.

17 Our primary hearings of concern right  
18 now that we're wrestling with are air quality and  
19 water resources. On air quality we're looking at  
20 potential violations of the state one-hour oxides  
21 of nitrogen or NOx standard. And this is  
22 something that only occurs -- could occur during  
23 construction.

24 And it looks like it can be pretty  
25 readily dealt with in a couple ways. One is to

1 put some kind of controls for the emission; or  
2 secondly, or combiningly, look at altering the  
3 construction hours so that that can somehow be  
4 more favorable towards limiting those emissions.

5 The second topic on air has to do with  
6 the interpollutant trading with the South Coast  
7 Air Quality Management District. If you can  
8 imagine, one basic concept is the South Coast air  
9 emissions drift east. So whatever is happening  
10 along that coastal area, it actually affects the  
11 air quality here in the Mojave District.

12 And so what the South Coast has done is  
13 they have emission reduction credits that have,  
14 it's like a bank, of people who have reduced their  
15 emissions. And that bank, or those emission  
16 reduction credits, help to offset other projects'  
17 use.

18 And they have set a certain amount of  
19 those emission reduction credits, or ERCs, into  
20 kind of a set-aside they call the priority  
21 reserve. Those are being made available to this  
22 project. They are a basic issue -- what the  
23 project proposes to do is to take the NOx  
24 emissions that the project produces and offset  
25 those with a volatile organic compounds emissions



1       that have been saved or reduced from the South  
2       Coast.

3               And that's a very reasonable concept.  
4       The big thing for us is trying to determine what  
5       is the appropriate ratio of that tradeoff. And we  
6       want to make sure that we look at what are today's  
7       conditions. Because right now we're kind of  
8       focused on what was done for High Desert about a  
9       decade ago. And secondly, what is the location of  
10      those, the reductions in the VOCs compared to the  
11      higher emissions in NOx. And make sure that  
12      that's figured into the equation.

13             The third thing really is just more of a  
14      timing issue, not so much of an impediment. And  
15      that has to do with the South Coast Air Quality  
16      Management District will be considering its final  
17      rulings we hope sometime this summer about how it  
18      wants to apply that priority reserve and those  
19      ERCs. And so that could have an affect on the  
20      preliminary determination of compliance.

21             On the water side, this is a blowup of  
22      the Mojave Water Agency's local system. But just  
23      to give you a quick orientation, the California  
24      Aqueduct is coming down here from left to right.  
25      And then what's feeding this region is the Mojave

1 River pipeline. And this is State Water Project  
2 water, of course.

3 But another thing you should notice is  
4 that because this whole basin's an overdraft,  
5 there's a number of recharge basins here. So, one  
6 of the key things, because there's so much  
7 dependency on groundwater for the local water use,  
8 is to try to recharge to the extent possible.

9 So, Mojave Water Agency is really the  
10 watermaster for this region. And there's a whole  
11 lot of rules and regulations that will affect our  
12 determination. We have to sort through all those  
13 to be sure that the project will comply with these  
14 water LORS.

15 The main, as Tom touched on, reclaimed  
16 water is looked at being used for the primary  
17 cooling source of supply; which, in general, is a  
18 really good thing. Our concern that fits our  
19 Commission policy in terms of water conservation,  
20 but locally here our understanding, at least at  
21 this point in time -- we'll be firming that up or  
22 getting clarification -- is that the project will  
23 ultimately result in a consumption of water.

24 And our understanding for now is that  
25 that consumption may need to be replaced. Because

1       that reclaimed water, if it's basically drifted  
2       off into the air, as part of the cooling process,  
3       could otherwise have gone towards aquifer recharge  
4       and contributed. And we think that's kind of its  
5       current status now.

6               The second source of water, groundwater,  
7       is a much smaller amount. This is proposed only  
8       for potable use, but because the groundwater basin  
9       is in overdraft, it's like every drop really  
10      counts. And an overdraft means that there's more  
11      water being extracted than is either naturally or  
12      artificially being replenishing that aquifer.

13             And so that does kick in a CEQA  
14      consideration that you're causing a significant  
15      impact. So we have to look at that. And we want  
16      to be sure that within the realm of the rules and  
17      regulations, as managed by Mojave Water Agency,  
18      that if there is any groundwater extracted for the  
19      project, that we think maybe it needs to be  
20      replaced. So we'll be looking into that.

21             The State Water Project use would serve  
22      as a backup to the reclaimed water. If there's  
23      ever an upset in the wastewater treatment plant  
24      and their biological processes where it's not able  
25      to supply the reclaimed water at that tertiary

1 level of treatment, which is really a high-quality  
2 product, then the State Water Project water would  
3 serve as the backup.

4 A couple of concerns there. One is  
5 we're not sure that that water's available on an  
6 unscheduled basis, at least without causing an  
7 impact to other users.

8 Normally the State Water Project water  
9 is as delivered to Mojave Water Agency; they're  
10 the contractor with the Department of Water  
11 Resources. That's scheduled.

12 And so in the course of scheduling it's  
13 divvied up as to who gets what portion of that  
14 water that's being delivered. And so all of a  
15 sudden you call for a demand that isn't scheduled,  
16 we're a little bit concerned about what effect  
17 that may have to others.

18 The second issue has to do with there's  
19 a lot of rules and regulations that are affecting  
20 that use of water supply. And we're concerned  
21 about the long-term state future on the  
22 availability of State Water Project water.

23 This is a local issue, but you probably  
24 saw a similar article in your local papers, but  
25 the picture shows both the state and federal

1 conveyance of water from north to south in the  
2 state, the state aqueduct and the Delta-Mendota  
3 Canal.

4 And you can see the Delta pumps were  
5 halted. This occurred last week, as a need to  
6 protect the Delta smelt, which is an endangered  
7 species. And their numbers have been declining.

8 And in the case of the aqueduct the  
9 pumping was cut off entirely. In the case of the  
10 Delta-Mendota Canal it was shut down, I believe,  
11 all except one pump. And the estimated that would  
12 occur for a seven- to ten-day period. And I've  
13 not heard if it's been restored yet.

14 But the point of this is just that  
15 there's a whole lot more emphasis, a whole lot  
16 more interest on protecting the environment, in  
17 the course of how that's carried out in the  
18 future, and the decisions and policies that are  
19 being made today. It could affect the ultimate  
20 supply that's available to users in southern  
21 California. And we're just saying that that needs  
22 to be accounted for.

23 Here's our schedule for the overall 12-  
24 month process. And there's a light-shaded area  
25 that's hard to see from this lighting, but it

1 basically goes through today. And those are  
2 activities that are basically done.

3 I won't really cover what's already  
4 happened. We've talked enough about that, but we  
5 expect to get out our data requests, which is a  
6 volume on the order of 120 questions for the  
7 applicant, sometime next week. They'll be  
8 responding to that about a month later on, we're  
9 estimating July 12th.

10 And then we'll hold a data response and  
11 issue resolution workshop. And that'll be an  
12 opportunity for all of you to participate. We're  
13 expecting that will be July 25th.

14 And then we hope to -- normally Hearing  
15 Officer Fay will set a schedule for filing status  
16 reports; there are normally at least three of  
17 those, if I recall. And he will be establishing a  
18 schedule. That's where we update the Committee on  
19 what the schedule of the proceeding is, any issues  
20 that we're wrangling with, and how we're  
21 progressing towards resolution.

22 And then we'll be looking at receiving  
23 the local, state and federal agency draft  
24 determinations, including the Air District's PDOC  
25 we hope to have out by August 9th.

1                   And then about a month later we file our  
2                   preliminary staff assessment. And then we hold a  
3                   PSA workshop, which again is another opportunity  
4                   for all of you to participate. And we'll talk  
5                   about things that we might disagree with in  
6                   staff's analysis of the project. It's a chance  
7                   for the applicant to set us straight or for us to  
8                   agree to disagree and try to work it out over the  
9                   course of the proceeding.

10                  And then the next step is that those  
11                  agencies will file their final determination of  
12                  compliance, and other determinations. And then  
13                  we, a month later, file our final staff  
14                  assessment.

15                  And then we go to the hearing process  
16                  and the Committee filing their proposed decision.  
17                  Going before the full Commission, and if  
18                  necessary, filing a revised decision.

19                  And we hope to be on track where we can  
20                  get this through within the 12-month process,  
21                  looking at April 9, 2008, which is the Commission  
22                  meeting scheduled for that timeframe.

23                  So, just to be honest with you, we've  
24                  lost a little bit of ground here on the data  
25                  requests. And that's a function of getting those

1 out the door; that's a function of our workload.

2 We're seeing, what I understand, is the  
3 second busiest time in siting workload cases in  
4 our office. The busiest time was 2000/2001 during  
5 the last energy crisis. So it's been a bit taxing  
6 for Committees, for the staff to get through the  
7 process, but we're looking to recover some time.

8 Hopefully our data request set one is  
9 comprehensive; we won't have to ask for a second  
10 round and we can move right into the preliminary  
11 staff assessment.

12 And the schedule considers that -- I  
13 covered a couple of these things -- that another  
14 item is the applicant is able to respond to us in  
15 a timely way. And I know from talking to Tom that  
16 he's committed to do that.

17 That the Air District's filing of their  
18 determination of compliance can be done on  
19 schedule. And that the other agency  
20 determinations can be provided on schedule.

21 And then just as the last sheet you  
22 have, again, the contact information for all of us  
23 at the Energy Commission, as well as the City of  
24 Victorville. So if you need to get ahold of us,  
25 please feel free to call.



1                   And I'll take any questions.

2                   HEARING OFFICER FAY:   Could we have the  
3                   lights up, please.

4                   Before we go to questions I'd just like  
5                   to ask Mr. Barnett, if you have any comments on  
6                   the staff's presentation, or on the schedule that  
7                   they have proposed.

8                   MR. BARNETT:   We don't have any comments  
9                   other than, you know, we appreciate how fast  
10                  you've done things up to this point.   And the  
11                  excellent cooperation you've demonstrated.

12                  We've received the issues that you've  
13                  highlighted.   We have them under consideration.  
14                  And I think we, like you, believe they're all  
15                  manageable and we're working on them as we speak.

16                  And we'll do everything we can to make  
17                  that schedule stay true.

18                  HEARING OFFICER FAY:   Any questions of  
19                  the staff?   Yes, sir.   Your name, and then your  
20                  question.

21                  MR. KRAMER:   Fred Kramer.   I had a  
22                  question for Tom.   What were a few of the things  
23                  that made that High Desert Powerhouse 1 powerhouse  
24                  of the year?

25                  MR. BARNETT:   The question is about High

1 Desert Power Plant, the first one that was awarded  
2 2003 power plant of the year. And if you have a  
3 chance to read the article, and we do have some  
4 extra copies that we could get to you, basically  
5 they said it was the community participation in  
6 overcoming some of the development issues.

7 And in particular, it was the  
8 availability of emission reduction credits, and  
9 the fact that, as I said, this was a brand new  
10 process to get the credits transferred from South  
11 Coast up here. Actually required new legislation.

12 And the water, that plant was water  
13 cooled, and we were unable to use reclaimed water,  
14 which is actually the best approach. And so since  
15 that avenue was barred to us, we had to come up  
16 with a different plan to be able to use State  
17 Water Project water to cool the plant.

18 So, I think Power Magazine considered  
19 that the idea of building a water cooled plant in  
20 the desert in the new deregulated market in  
21 California, we were one of the first power plants  
22 to go through that process, really is what  
23 warranted the award.

24 HEARING OFFICER FAY: Other questions?

25 Okay.

1           The Committee intends to issue a  
2       scheduling order as Mr. Kessler referenced. And  
3       that will set the actual schedule up until just  
4       before a prehearing conference. So it will  
5       include what we call the discovery period where  
6       there's a give-and-take among the parties.  
7       Questions asked; answers returned.

8           And also include public workshops that  
9       will take place. If there's a workshop on air  
10      quality and you're particularly interested in  
11      that, you'll be able to know about it and come to  
12      it and listen and ask your questions and that sort  
13      of thing.

14          I also understand that there's one  
15      experienced participant in our process who has  
16      filed a petition to intervene. And that's  
17      California Unions for Reliable Energy. Is Gloria  
18      Smith here still?

19          MS. SPEAKER: I believe she had to leave  
20      to catch a plane.

21          HEARING OFFICER FAY: She had to leave,  
22      all right. I was just going to ask if they had a  
23      comment. They have a petition pending. And if  
24      anybody else chooses to involve themselves as a  
25      full party, they would want to file a petition to

1       intervene with Mr. Monasmith.

2               Okay, any closing remarks, then? I know  
3       Susan Brown wants to speak on behalf of  
4       Commissioner Boyd.

5               MS. BROWN: Thank you, Mr. Fay. I just  
6       want to say on behalf of Commissioner Jim Boyd  
7       that he regrets that he was unable to be with you  
8       today. He had an unavoidable medical emergency  
9       that prevented him being here in person.

10              But he asked me to also express his  
11      appreciation to the applicant and to the staff and  
12      to the members of the public for their  
13      participation today.

14              The Energy Commission prides itself on  
15      its open and public licensing process, so we do  
16      encourage your participation; and we look forward  
17      to working with you through the remainder of the  
18      proceeding.

19              So, thank you.

20              HEARING OFFICER FAY: Thanks.

21              ASSOCIATE MEMBER PFANNENSTIEL: I'd like  
22      to thank the applicant. I think this was put  
23      together very well; very good site visit. Sorry  
24      it took us so long, but it was really worth doing.  
25      It was quite something to see.

1                   But I also want to express appreciation  
2           to the members of the public who are here. It  
3           makes a big difference to us to know that the  
4           public is involved in this proceeding.

5                   And we've got a long ways to go, and I  
6           ask that you stay involved with us the whole way  
7           through. We'll have evidentiary hearings at some  
8           point later down the road. But, you should be  
9           able to be involved either by going to the website  
10          or contacting the staff all the way through.

11                   So, thank you for being here today.

12                   HEARING OFFICER FAY: And I'll just add  
13          that, remember, it's as easy as sending an email  
14          message to Mr. Kessler or Mr. Monasmith. It's  
15          very easy to contact the Energy Commission. And  
16          they'll either answer your question or direct you  
17          to somebody who can.

18                   So we want to re-emphasize that if you  
19          have an inkling to participate, it's not hard to  
20          do.

21                   Okay, I want to thank everybody for  
22          coming out today. And have a safe trip home.

23                   We're adjourned.

24                   (Whereupon, at 4:20 p.m., the hearing  
25          was adjourned.)

## CERTIFICATE OF REPORTER

I, TROY RAY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Hearing; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of June, 2007.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345